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LETTER DATED 7 MAY 1993 FROM THE PERMANENT REPRESENTATIVE OF BULGARIA TO THE UNITED NATIONS ADDRESSED TO THE PRESIDENT OF THE SECURITY COUNCIL

Upon instructions from my Government, I have the honour to transmit herewith the annexed Memorandum by the Government of the Republic of Bulgaria regarding the implementation of Security Council resolution 820 (1993).

I would be grateful if you would have this letter and its annex circulated as a document of the Security Council.

(Signed) Slavi PASHOVSKI
Permanent Representative
of Bulgaria to the United Nations

Annex

Memorandum dated 6 May 1993 of the Government of the Republic of Bulgaria regarding the implementation of United Nations Security Council resolution 820 (1993)

On 26 April 1993, the provisions of United Nations Security Council resolution 820 (1993) regarding the new trade and economic sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) came into effect. The Government of the Republic of Bulgaria has already declared its readiness to abide in good faith by its obligations under the United Nations Charter and to implement the sanctions imposed by Security Council resolution 820 (1993).

In its Memorandum regarding the losses, damages and economic difficulties sustained by the Republic of Bulgaria as a result of the implementation of the sanctions imposed by resolutions 757 (1992) and 787 (1992), which was submitted to the Sanctions Committee in December 1992, the Government of the Republic of Bulgaria supplied preliminary information about the negative effect of the sanctions on the social and economic development of the country during the first seven months of their enforcement. Availing itself of its right provided for in Article 50 of the United Nations Charter, the Bulgarian Government requested that the Security Council consider the issue of overcoming the specific economic problems of the country.

As a result of the implementation of Security Council resolutions 757 (1992) and 787 (1992), the economy of the Republic of Bulgaria suffered direct losses amounting to US$ 1.8 billion for the period July 1992-April 1993 (cf. appendix I).

The entering into force of the new trade and economic sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) imposed by Security Council resolution 820 (1993) brought about a sharp rise in the direct losses, thus inflicting an extremely heavy blow on the national economy. According to initial estimates, the average monthly direct losses in the industrial sector, foreign trade, international transport and communications will amount to US$ 234.7 million. The total amount of the losses for the period May-December 1993 is expected to reach US$ 1,877.6 million (cf. appendix II).

The above figures do not include indirect damages and losses of profit, nor losses sustained by the private sector. The sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro) practically cut off the Republic of Bulgaria from the European markets which are of vital importance to the advance of the ongoing complex process of economic reforms (over 60 per cent of the Bulgarian exports to the European markets is affected through the zone affected by the sanctions regime). The disruption of traditional transportation links and the necessity to use detour routes with heavy traffic raise the cost of Bulgarian exports to Central and Western Europe. The great share of perishable goods in these exports has an additional adverse effect on their realization on the above markets. The rise in the cost of imported goods from Central and Western Europe, on its part, will inevitably speed up the process of inflation and will aggravate the financial situation of the country. The

difficulties in transport and communications will eventually have an extremely negative effect on the attracting of foreign investment to Bulgaria, as well.

Taking into account also the considerable losses incurred by the Bulgarian economy as a result of the sanctions against Iraq and the Libyan Arab Jamahiriya, as well as the size of the existing foreign debt of the country, the cumulative effect of the strict implementation of the respective Security Council resolutions will have grave consequences for the social and economic development of Bulgaria.

Besides, it is necessary to underscore that the sanctions have an especially adverse effect on the Bulgarian minority in eastern Serbia, which lives in the least developed part of this country. This population expects urgent humanitarian aid from the Republic of Bulgaria.

In view of the above, the Government of the Republic of Bulgaria calls upon the United Nations Security Council, its permanent members, the European Community, the European Free Trade Association, the Conference on Security and Cooperation in Europe and the international financial institutions to pay particular attention to the specific and aggravating economic problems with which the Republic of Bulgaria is confronted in the implementation of the sanctions against the Federal Republic of Yugoslavia (Serbia and Montenegro).

The Government of the Republic of Bulgaria believes that the Working Group set up in the framework of the Sanctions Committee should have as a priority the elaboration of an effective mechanism for the application of Article 50 of the United Nations Charter. This mechanism could, in particular, include the following groups of measures:

- Determining the criteria for the presence of "special economic problems" with which a given country observing the sanctions is confronted pursuant to Article 50 of the Charter;

- Sending fact-finding missions of the United Nations Security Council to make independent expert assessments of the economic losses incurred by the countries, which have invoked Article 50 of the Charter;

- Proposing concrete forms to compensate for the losses of sustained, in particular through the establishment of a special compensation fund of the United Nations or, on the recommendation of the Security Council, by the competent international financial organizations.

In the case of Bulgaria, these could include more specifically measures to alleviate the financial situation of the country and financing of infrastructure projects for urgently overcoming the serious transport and communications problems (cf. appendix III).

It seems pertinent to point out that a number of provisions in Security Council resolution 820 (1993) will complicate the strict implementation of the resolution by the States Members of the United Nations. In this connection the Government of the Republic of Bulgaria calls upon the Sanctions Committee to provide an interpretation of and additional information regarding the following points:

1. Determining the criteria underlying the exceptions to the prohibition regarding transshipments through the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) pursuant to paragraph 22 of resolution 820 (1992).

2. For the implementation of paragraph 12 of resolution 820 (1993) it is necessary to determine the exact borders of the areas controlled by Serb forces, e.g., by listing the municipalities or towns located in these areas.

3. For the purposes of implementation of paragraphs 24 and 25 of the resolution, it is necessary that the Sanctions Committee issue a list of the vessels, freight vehicles, rolling stock and aircraft in which a majority or controlling interest is held by a person or undertaking in or operating from the Federal Republic of Yugoslavia (Serbia and Montenegro).

Since under the provisions of Security Council resolution 820 (1993) all transshipments, both by land and on the Danube, through the territory of the Federal Republic of Yugoslavia (Serbia and Montenegro) are carried out only with special authorization by the United Nations Sanctions Committee, it is our view that under the present circumstances the Security Council and the Sanctions Committee, respectively, should undertake the necessary steps to improve considerably the effectiveness of the work of the Committee in issuing these authorizations.

Appendix I

Summarized information about the approximate average monthly losses which the Republic of Bulgaria has suffered as a result of the implementation of Security Council resolution 787 (1992) during the period July 1992-April 1993 in some basic branches of the economy

	United States dollars
1. International transport	6.8 million
2. International communications	1.0 million
3. Foreign trade	80.0 million
4. Industry	93.0 million
TOTAL PER MONTH	180.0 million
FOR 10 MONTHS	1.8 billion

Appendix II

Summarized information about the approximate average monthly losses which the Republic of Bulgaria will suffer as a result of the implementation of Security Council resolution 820 (1993) during the period May 1992-December 1993 in some basic branches of the economy

	Millions of United States dollars
1. International transport	12.5
2. International communications	1.5
3. Foreign trade	100.0
4. Industry	120.7
TOTAL (for the above branches)	234.7
EXPECTED LOSSES FOR THE PERIOD MAY-DECEMBER 1993	1 877.6

Appendix III

List of key infrastructural investment projects aimed at easing the heavy international road and railway traffic from Western Europe via Bulgaria to Greece, Turkey and the Middle East countries

1. Road and railway bridge on the Danube at Vidin (Bulgaria)/Kalafat (Romania) - estimated cost: US$ 100 million;

2. Two-way high-speed railway link Sofia-Vidin (Lom) - estimated cost: US$ 1,175 million;

3. Reconstruction, doubling and electrification of the railway link Sofia-Kulata (checkpoint Promahon, Greece) - estimated cost: US$ 1,260 million;

4. Highway Vidin-Sofia with tunnel at the Petrokhan Balkan pass and reconstruction of the motorway Sofia-Kulata - total estimated cost: US$ 300 million;

5. Highway on the destination Istanbul-Bourgas (Bulgaria)-Varna (Bulgaria)-East Romania-West Ukraine-Poland (the Baltic Republics) with a Bulgarian section evaluated at US$ 300-500 million;

6. Railway link Gyueshevo (Bulgaria)-Kriva Palanka (Macedonia) as a part of the East-West transport corridor Italy-Slovenia-Albania-Macedonia-Bulgaria - estimated cost: US$ 100 million.